

GENERAL NOTICE LETTER-- URGENT LEGAL MATTER
PROMPT REPLY NECESSARY, CERTIFIED MAIL: #
RETURN RECEIPT REQUESTED

Hexion Inc.
180 East Broad Street, Floor 26
Columbus, OH 43215-3707

RE: General Notice Letter, Demand Letter, and Offer to Meet for Settlement for the CES
Environmental Services, Inc. - Houston Superfund Site in Houston, Harris County, Texas

Dear Sir/Madam:

The purpose of this letter is to notify you of your potential liability at the CES Environmental Services, Inc. - Houston Superfund Site (Site) and to invite you to join in settlement negotiations and collectively meet with the U.S. Environmental Protection Agency (EPA). The street address for the Site is 4904 Griggs Road, Houston, Harris County, Texas. The street addresses of the contiguous properties that are part of the Site are 4900 Griggs Road and 5910 Wayland Street. The Site is surrounded by residential, educational and commercial properties. Based on available information, the EPA has determined that you may be responsible under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as the federal "Superfund" law, for cleanup of the Site or costs the EPA has incurred in cleaning up the Site.

Explanation of Potential Liability

A Superfund Site is a place that is contaminated with hazardous substances at levels that may present a threat to human health or the environment. Under Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607, potentially responsible parties (PRPs) may be required to perform cleanup actions to protect the public health and welfare or the environment. PRPs may also be responsible for costs incurred by the EPA in cleaning up the Site. PRPs include current and former owners and operators of the Site, as well as persons who sent or transported hazardous substances to the Site for disposal or treatment or who arranged for the disposal or treatment of hazardous substances at the Site.

Under CERCLA, specifically Sections 106(a) and 107(a), PRPs may be required to perform cleanup actions to protect the public health, welfare, or the environment. PRPs may also be responsible for costs incurred by the EPA in cleaning up the Site, unless the PRP can show divisibility of harm or any of the statutory defenses. PRPs include current and former owners and operators of a site, as well as persons who arranged for treatment and/or disposal of any hazardous substances found at the site, and persons who accepted hazardous substances for transport and selected the site to which the hazardous substances were delivered.

You have been identified as a PRP who either sent hazardous substances for disposal or treatment to the Site or generated certain hazardous substances that the EPA has found at the Site. For this reason, the attached General Notice concerning the removal action (Enclosure 1) is being sent to you. The General Notice requests your cooperation in conducting the on-going removal action at the Site and for reimbursement of past and future costs. Enclosure 2 contains copies of the documents used to identify you as a PRP. Enclosure 3 contains a list of the entities who are receiving this General Notice. Enclosure 4 contains a list of the entities who have previously received General Notice letters.

Site Background

This Site is a former chemical recycling facility that filed for bankruptcy in 2010. Prior to the bankruptcy, the Site had been owned and operated by CES Environmental Services, Inc. The Site is now under the control of a Trustee for the Estate appointed by the Bankruptcy Court. The Estate did not have the funding necessary to address the conditions at the Site. The Site consisted of approximately 11 vacuum boxes, two roll-off boxes, 12 frac tanks, two tanker trailers, 20 aboveground storage tanks, 15 waste water treatment tanks, waste piles, and numerous totes, vats, drums, and smaller containers. Additionally, there was spillage of chemicals to exterior surfaces as well as building interiors. The Site had experienced significant vandalism since its bankruptcy in 2010, including vandalism that caused additional spillage of chemicals and waste to the ground surface and into an adjacent residential neighborhood. Emergency responses to these spills have involved the Estate, City of Houston, Texas Commission on Environmental Quality (TCEQ) and the EPA. These spill responses were addressed by TCEQ and the EPA.

The information provided by the Estate's consultant shows that there were hazardous wastes along with various hazardous substances within containers located on the Site. The hazardous substances included but were not limited to benzene (D018), creosol (D023-026), 2,4,6-trichlorophenol (D042), MEK (D035), 1,2-dichloroethane (D028), and chemicals with a hazardous pH (D002, or are ignitable (D001). These chemicals are hazardous substances as defined by Section 101(14) of CERCLA, 42 U.S. C. 9601(14), and further defined at 40 C.F.R. 302.4.

Response Actions to Date

On or about September 3, 2014, the EPA mobilized its contractors to begin addressing the wastes and spills at the Site. On June 10, 2015, the EPA demobilized from the Site.

As of June 3, 2015, the EPA Team and the Trustee had addressed the following:

1. Management of storm water to reduce off-site overflow of contaminated storm water from the Site.
2. Removal of wastes from ten of twelve vacuum boxes and from two of two roll-off boxes.
3. Removal of wastes from eight of twelve frac tanks. Three frac tanks currently hold wastes.
4. Removal of liquid, i.e., pumpable wastes from eleven of twenty-three aboveground storage tanks (AST). Sludge and residual materials remain until sludge removal and tank cleaning of ASTs is completed.
5. Empty totes/drums have been segregated for temporary storage.

6. Waste piles dumped to the ground from the theft of seven roll-off boxes was removed by the Trustee.
7. Lab chemicals/company process samples were collected and disposed by the Trustee.
8. Process chemicals were collected and disposed by the Trustee.

On June 10, 2015, the Texas Commission on Environmental Quality signed a Voluntary Cleanup Program Agreement with the CES Griggs Road PRP Group (CES Group). The agreement required the CES Group to submit to TCEQ an Affected Property Assessment Report not later than December 31, 2015, a Response Action Plan not later than 120 days after TCEQ's approval of Affected Property Assessment Report, and a Response Action Completion Report not later than 90 days after completion of the response action. The agreement also required the CES Group to establish and maintain a website accessible to the public to keep the public informed of ongoing activities at the Site.

Demand for Reimbursement of Costs

In accordance with Section 104 of CERCLA, 42 U.S.C. § 9604, EPA has already taken certain response actions and incurred certain costs in response to conditions at the Site. These response actions are described above in this letter. From inception of the response actions at the Site until **December 31, 2017**, EPA has incurred costs of approximately **[insert costs from latest SCORPIOS report:]** on the Removal Action at the Site. With this letter, EPA demands that **Hexion, Inc.** reimburse EPA for its costs incurred to-date. EPA encourages **Hexion, Inc.** to voluntarily negotiate an administrative settlement agreement in which **Hexion, Inc.** and other PRPs agree to pay EPA. EPA is seeking to recover from **Hexion, Inc.** and other PRPs at the Site its response costs and all the interest authorized to be recovered under Section 107(a) of CERCLA, 42 U.S.C. § 9607. A summary of these costs is enclosed.

Please note that some or all of the costs associated with this offer may be covered by current or past insurance policies issued to **Hexion, Inc.** Most insurance policies will require that the insured timely notify its carriers of claims against it. To evaluate whether **Hexion, Inc.** should notify its insurance carriers of this demand, you may wish to review current and past policies, beginning with the date that **Hexion, Inc.** first made contact with CES, Inc. up to the present. Coverage depends on many factors, such as the language of the particular policy and state law.

Opportunity to Settle

By this letter, EPA is offering **Hexion, Inc.** the opportunity to settle EPA's CERCLA claims related to the CES, Inc. Superfund Site. If **Hexion, Inc.** would like to participate in the settlement, and meet with other PRPs and EPA, please write or email EPA Enforcement Officer David Eppler by **March 30, 2018**. Mr. Eppler's contact information appears at the end of this paragraph. If we do not receive your letter or email by **March 30, 2018**, we will assume that **Hexion, Inc.** is not interested in settling at this time.

Mr. David Eppler
Superfund Technical and Enforcement Section (6SF-TE)
U.S. Environmental Protection Agency Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733
(214) 665-6529
eppler.david@epa.gov

Final approval of any settlement is subject to the review of authorized EPA and United States Department of Justice (DOJ) officials.¹ If you have any questions about the CES, Inc. Superfund Site, or how to respond to this settlement offer, please contact Mr. Eppler, whose contact information appears above in this letter. Your attorney may contact EPA attorney Amy Salinas at:

Ms. Amy Salinas
Office of Regional Council (6RC-S)
U.S. Environmental Protection Agency Region 6
1445 Ross Avenue
Dallas, TX 75202-2733
214-665-8063
salinas.amy@epa.gov

Information to assist in the settlement of EPA's CERCLA claims

EPA would like to encourage communication between you, other PRPs, and EPA regarding the Site. EPA recommends that all PRPs meet or teleconference to select a "steering committee" that will be responsible for representing the group's interests, and then meet with EPA to facilitate settlement of all parties. We respectfully request that a representative of each of the parties listed in **Appendix 'X'** arrange for a representative to meet with EPA on **May 30, 2018** at the address above. Establishing a manageable group is critical to successful negotiations with EPA. EPA encourages each PRP to select one person from its company or organization to represent its interests to EPA.

To assist you in your efforts to communicate, please find the following documents enclosed:

1. A list of names and addresses of PRPs to whom this letter, or past letters is being or has been sent.

¹ After all parties have approved the settlement and final EPA and DOJ approval, EPA will publish the settlement for public comment and, barring any unforeseen circumstances, will notify you of the effective date of the settlement shortly thereafter.

2. A DVD containing a spreadsheet that lists, to the extent information is available, the number of drums and the type of substances contributed by each PRP to the Site to-date. This is an initial list and subject to change based upon new information.
3. An aerial photograph/map of the Site.
4. A Superfund Cost Recovery Package Imaging and On-Line System (SCORPIOS) report summarizing costs paid by EPA at the CES, Inc. Superfund Site from inception to **December 31, 2017**.

EPA has established an Administrative Record that contains documents that serve as the basis for EPA's selection of a cleanup action for the Site. The Administrative Record for the CES, Inc. Superfund Site is available online at the following URL:

<https://cumulis.epa.gov/supercpad/cursites/cadminrecord.cfm?id=0604445>

The Administrative Record is also located at the following addresses:

Texas Commission on Environmental Quality (TCEQ)
12100 Park 35 Circle
Austin, TX 78753

The Administrative Record is also available for inspection at the Superfund Records Center, EPA Region 6. To access the Administrative Record at EPA Region 6, please contact Mr. Eppler whose phone number, mail, and email address are listed above.

As provided in the settlement agreement, each Settling Party will resolve its liability to the United States within the meaning of Sections 113(f)(2) and 122(h)(4) of CERCLA, 42 U.S.C. §§ 9613(f)(2) and 9622(h)(4), and will be entitled to protection from contribution actions or claims as provided by Sections 113(f)(2) and 122(h)(4) of CERCLA for the "matters addressed" in the Settlement Agreement. The covenant not to sue is subject to certain reservations described in the settlement agreement. The "matters addressed" in the enclosed settlement agreement are Past Response Costs for the Site, as defined in the settlement agreement. This protection against contribution claims, however, may not protect against claims by other parties that have incurred their own response costs and seek to recover them under CERCLA Section 107(a)(4)(B), 42 U.S.C. § 9607(a)(4)(B). *See United States v. Atlantic Research Corporation*, 172 S.Ct. 2331, 169 L.Ed. 2d 28 (June 11, 2007) (in certain situations, a liable party who has incurred cleanup costs at a Superfund site can sue other liable parties under CERCLA § 107(a)(4)(B)).

Resources and Information for Small Businesses

As you may be aware, the Superfund Small Business Liability Relief and Brownfields Act contains several exemptions and defenses to CERCLA liability, which we suggest that all parties evaluate. You

may download a copy of the law at <http://www.gpo.gov/fdsys/pkg/PLAW-107publ118/pdf/PLAW-107publ118.pdf> and review EPA guidance documents regarding these exemptions at <http://cfpub.epa.gov/compliance/resources/policies/cleanup/superfund/>.

In addition, if you are a “service station dealer” who accepts used oil for recycling, you may qualify for an exemption from liability under Section 114(c) of CERCLA. EPA guidance regarding this exemption can be found on the Agency’s website at <http://www.epa.gov/enforcement/guidance-superfunds-service-station-dealers-exemption>. If you believe you may qualify for the exemption, please contact Enforcement Officer David Eppler, whose contact information can be found above in this letter.

EPA has created a number of helpful resources for small businesses. EPA has established the National Compliance Assistance Clearinghouse as well as Compliance Assistance Centers which offer various forms of resources to small businesses. You may inquire about these resources at <http://www.epa.gov/compliance/compliance-assistance-centers>. In addition, the EPA Small Business Ombudsman may be contacted at <http://www.epa.gov/resources-small-businesses/forms/contact-us-about-resources-small-businesses>. Finally, EPA has developed a fact sheet about the Small Business Regulatory Enforcement Fairness Act (SBREFA) and information on resources for small businesses, which is enclosed with this letter and available on the Agency’s website at <http://www.epa.gov/compliance/small-business-resources-information-sheet>.

Financial Concerns/Ability to Pay Settlements

EPA is aware that the financial ability of some PRPs to contribute toward the payment of response costs at a site may be substantially limited. If you believe, and can document, that you fall within that category, please contact EPA Enforcement Officer David Eppler, whose contact information is provided above in this letter.

Mr. Eppler can provide information on ability to pay settlements. In response, you will receive a package of information about the potential for such settlements and a form to fill out with information about your finances, and you will be asked to submit financial records including business federal income tax returns. If EPA concludes that **[Name of PRP Company]** has a legitimate inability to pay the full amount of EPA’s costs, EPA may offer a schedule for payment over time or a reduction in the total amount demanded from **[Name of PRP Company]**.

Also, please note that because EPA has a potential claim against you, you must include EPA as a creditor if you file for bankruptcy. EPA reserves the right to file a proof of claim or an application for reimbursement of administrative expenses.

Upon reviewing the enclosed General Notice, please provide a written response to Mr. David Eppler, Enforcement Officer, within **30 calendar days** after you receive this letter. Your response must identify your intent to, or not to, enter into settlement negotiations with the EPA concerning this matter. Please mail your written response to Mr. Eppler at the address that appears in the General Notice.

We look forward to working with you during the coming months.

Sincerely yours,

Carl E. Edlund, P.E.
Director
Superfund Division

Enclosures:

1. A list of names and addresses of PRPs to whom this letter is being sent.
2. A DVD containing a spreadsheet that lists, to the extent information is available, the number and type/size of containers and/or the type of substances contributed by each PRP to the Site to-date. This is an initial list and subject to change based upon new information.
3. An aerial photograph/map of the Site.
4. Superfund Cost Recovery Package Imaging and On-Line System (SCORPIOS) report summarizing costs paid by EPA at the CES, Inc. Superfund Site from inception to **December 31, 2017**.